

ILLINOIS COMMERCE COMMISSION

PUBLIC ACT 100-0432

CLASS I RAILROAD SUPPLIER DIVERSITY REPORT

2018 REPORT



RAILROAD NAME: CSX TRANSPORTATION

HEADQUARTERS ADDRESS: 500 WATER ST
JACKSONVILLE, FL 32202

SUBMITTED BY (Name & Title): EVAN BELL
HEAD OF PROCUREMENT

DATE SUBMITTED: FEBRUARY 1, 2019

SUPPLIER DIVERSITY CONTACT INFORMATION:

SUPPLIER DIVERSITY MANAGER: KEN YOUNG
EMAIL: KENNETH_YOUNG@CSX.COM

TABLE OF CONTENTS

- I. CSX TRANSPORTATION
 - A. NATIONAL NETWORK AND BACKGROUND
 - B. CSX IN ILLINOIS
 - C. CSX IN THE COMMUNITY
- II. ANTI-TRUST STATEMENT
- III. CSX DIVERSITY
 - A. WORKFORCE DIVERSITY
 - B. SUPPLIER DIVERSITY (PROCESS, SIZE, SCOPE, DATA)
 - 1. “GET ON BOARD”
 - 2. INFRA GRANT CREATE B-9
 - 3. CSX OTHER INFORMATION – IL MINORITY SUPPLIERS

I. CSX TRANSPORTATION

A. NATIONAL NETWORK AND BACKGROUND

CSX, based in Jacksonville, Florida, is a premier transportation company. It provides rail, intermodal and rail-to-truck transload services and solutions to customers across a broad array of markets, including energy, industrial, construction, agricultural, and consumer products. For nearly 200 years, CSX has played a critical role in the nation's economic expansion and industrial development. Its network connects every major metropolitan area in the eastern United States, where nearly two-thirds of the nation's population resides. It also links more than 230 short-line railroads and more than 70 ocean, river and lake ports with major population centers and farming towns alike.



CSX TRANSPORTATION SYSTEM MAP

B. CSX IN ILLINOIS

- **Employment** CSX has over 1,000 direct employees in Illinois, with terminals in Bedford Park, Chicago, Danville, East St. Louis and Ottawa. Several hundred more contractors work at CSX facilities throughout the state.
- **Commodities** CSX transports a number of commodities including corn, grain, sweeteners and coal. CSX also moves industrial products, general merchandise, steamship good and supports UPS operations.



C. CSX AND THE ILLINOIS COMMUNITY

In 2018, CSX served veterans, diverse supplier and job seekers, the disabled, minority communities, and public safety communities throughout the State of Illinois.



PRIDE IN SERVICE INITIATIVE – SUPPORTING MILITARY AND FIRST RESPONDER FAMILIES

Nearly one in five CSX employees is serving or has served their country or community. In 2018 CSX launched Pride in Service, partnering with the nation's leading veteran, military family and first responder organizations, each of whom addresses a unique area of need within the service community.



II. ANTITRUST STATEMENT OF CSX TRANSPORTATION, INC.

CSX Transportation, Inc. (CSXT) is submitting the information in this report at the request of the Illinois Commerce Commission. Our purpose in participating is to provide the Commission with information regarding supplier diversity.

Compliance with all laws, particularly the antitrust laws, is a paramount policy at CSXT.

To ensure compliance with antitrust laws, CSXT will not discuss the following topics:

- Transportation terms and conditions of any carrier for any shipper/receiver or passenger rail carrier.
- Standardizing or stabilizing prices to, from or among competitors for transportation, equipment supply or equipment repairs.
- Boycotts or refusals to deal with any particular entity.
- Carriers', vendors' or shippers' pricing or marketing practices.
- Modifications to carrier, vendor or shipper specific rates or charges.
- Industry-wide guidelines, standards, procedures or agreements that would restrict competition.
- Any topic that might give even the appearance of discussing the prohibited topics I've just mentioned.

While collective action to support the development of sound public policy, legislation and regulations enjoys qualified antitrust immunity, that immunity is always applied narrowly. So CSXT will be careful – and we encourage all other companies and entities to be similarly careful – even in this official, governmental setting in avoiding inappropriate subjects and in carrying out our important obligations under federal and state antitrust laws.

CSXT appreciates the opportunity to provide the Commission with information concerning CSXT's supplier diversity.

III. CSX DIVERSITY

A. WORKFORCE DIVERSITY

CSX's Diversity & Inclusion Strategy has been the foundation on which the organization has built its D&I priorities. Three areas of focus include:

- Disability inclusion
- Women in field positions
- Science Technology Engineering & Math (STEM)

CSX IL woman and minority employees; 42%
--

CSX continues to be recognized for our support of a diverse, inclusive and engaging workplace:

- Disability Equality Index (DEI) named CSX as one of the Best Places to Work giving CSX a score of 80% in 2018
- G.I. Jobs listed our company as a 2017 Military Friendly Employer
- Women Executive Leadership (WEL) Florida organization honored CSX with an Elevate Award in recognition of the company's inclusion of women on its board of directors
- The Human Right's Commission's Corporate Equality Index which rates American businesses on their treatment of gay, lesbian, bisexual and transgender employees, consumers and investors, gave CSX a score of 95% in 2017
- Disability Equality Index (DEI) named CSX as one of the Best Places to Work giving CSX a score of 90% in 2016
- World's Most Admired Companies in 2016 by FORTUNE Magazine

B. CSX SUPPLIER DIVERSITY

In Illinois, CSX uses Diverse Suppliers not all of which are located in Illinois but support our network operations in the state. This includes diverse legal, logistics, software, office supplies many many more types of functions for CSX. CSX is committed to promoting and fostering an inclusive procurement process that provides opportunities for all suppliers, regardless of size or any social or economic distinction, such as age, race, creed, color, sex, ancestry or national origin. While CSX does not award suppliers based on preferences that would result in unfair competitive advantages over other Suppliers, CSX is committed to actively seeking and engaging diverse suppliers to compete for opportunities to support CSX.

Diverse Supplier Procurement Policy

The objective of CSX's Procurement Department is to procure the materials, supplies and services needed to support railroad operations across its network. At CSX, we accomplish this through a competitive bidding process where awards are made, consistent with other corporate commitments, on the basis of 4 essential factors:

- Quality and workmanship of materials.
- Service that meets the needs of CSX.
- Fair prices, efficient operations, sound engineering and research.
- Ability to provide materials and services in the required timeframe.

In order to ensure that diverse business enterprises have an opportunity to supply the required services and commodities, CSX initiated a Diverse Supplier Procurement Program, under which we will ensure a continued focus on improving supplier relationships with small, minority-owned and women-owned businesses.

- **Highest Level of Active Management Participation**
Head of Procurement
- **Conference Attendance.** National conferences rotate each year to different cities to provide cost effective attendance by suppliers. In 2018 CSX attended the following conferences:
 - WEBNC National Conference (Detroit, MI)
 - NMSDC National Conference (Austin, TX)
 - FCA Minority Supplier Conference (Detroit, MI)

- Toyota Minority Supplier Conference (Dallas, TX)

Process, Scope, and Tools

Class I railroads are held to high safety, quality, and performance standards by regulatory agencies and by our shareholders. Due to these demands, CSX only hires vendors who can provide services and materials that meet our stringent standards of safety, quality, and performance.

At all levels CSX encourages the active participation in our bidding process to all vendors, including those deemed as diverse or disadvantaged businesses. In that regard, CSX holds all vendors to the same standard, regardless of diversity status, only hiring those who can meet our previously mentioned requirements along with our high volume demands as well.

- **Supplier Pre-Assessment Tool supplier counts:**
 - Total CSX National diverse suppliers – 150
 - Total CSX Illinois diverse suppliers - 8
- **Program Size and Results:**

Supplier Diversity spend is measured as Prime and Tier 2. CSX does not track spend on a state level as many of our agreements are system-wide which ensures consistency with quality, price, and safety standards previously outlined.

- Prime Diverse Spend – Payments to a diverse-owned supplier that provides materials and services directly to CSX.
- Tier 2 Diverse Spend – The diverse spend paid by a prime supplier that is either directly or indirectly related to materials and services provided to CSX.

The range of materials and services purchased from diverse-owned suppliers include, but are not limited to: Engineering Materials and Services, Mechanical Materials and Services, Signal Materials and Services, Construction and Design, MRO, Corporate Services, Environmental Services, Vehicles, Technology Services and Hardware, and Work Equipment.

- **Diverse Spend (2018):**

In Millions:	\$ MM
Prime	\$58.5

2017 Tier 2* Total Indirect Credit	\$310
# of Diverse-Owned Suppliers	150

*awaiting final Tier 2 spend data from 2018 to be reported by suppliers

▪ **Diverse Spend Opportunity**

The majority of products that CSX buys are rail specific and have specifications that are required to meet Federal and trade association requirements. The percentage of spend on these items cover 95% of overall spend. The quality and safety attributes are the primary drivers of the specification and vesting process.

Through partnering with suppliers CSX will continue to drive innovation and higher performance. CSX is always interested in the development of new suppliers to diversify its supply base and increase competition. These areas represent the greatest opportunity for all suppliers to create additional products and increase their business with CSX.

1. “Get on Board Event”

CSX co-hosted an event which was held in Englewood for Certified disadvantaged businesses (DBE) and exhibitors to learn about CREATE project bid opportunities. Additionally, there are funds available for job training. Below are two local news articles for our “**Get on Board**” event. IL Senator Martin Sandoval and IL Senator Jacqueline Collins attended. CSX Procurement and engineering staff also were active members in the event.

Minority Contractors Looking To Get A Piece Of Multimillion Dollar Railroad Project Gather In Englewood

<https://blockclubchicago.org/2019/01/28/minority-contractors-looking-to-get-a-piece-of-multimillion-dollar-railroad-project-gather-in-englewood/>

PUBLISHED JAN 28, 2019 Block Club Chicago

ENGLEWOOD — A group trying to open more doors for minority-owned firms trying to land construction contracts gathered in Englewood as part of a new series.

The Chicago Region Environmental and Transportation Efficiency, a multiagency, public/private initiative developed to improve rail infrastructure in underserved areas, welcomed over 200 participants to its first “distressed business enterprise” networking event Thursday at Kennedy King College, 740 West 63rd.

The business to business event is the first in a series of plans to widen access for minority-owned firms to pursue contracts to work on the [75th Street Corridor Improvement Project](#), a massive, multi-year, multimillion construction project aimed at untangling commuter and freight railroad lines that run through Englewood and surrounding neighborhoods.

The group, which goes by the acronym CREATE, is the first collaboration of its kind, with public and private agencies (U.S. Department of Transportation, State of Illinois, Cook County, City of Chicago, Metra, Amtrak and national freight railroads) investing billions of dollars to not only address existing infrastructure problems, but economic ones as well. It aims to broaden access to entrepreneurs typically overlooked.

Samuel Tuck III, bureau chief of the Illinois Dept. of Transportation’s CREATE and Freight Rail program, said a \$132 million Infrastructure For Rebuilding Grant received last spring has let them get a jump on publicizing other upcoming projects so that those interested can participate.

“We want to make sure we adhere to the environmental mitigation of doing the community benefits, learning from our past experiences where elected officials said, ‘we need to see people who live in communities working, we need to see more people like that having opportunities,’” said Tuck. “So, lessons learned, we got ahead of the curve and we’re moving forward so that we can address all of those issues.”

Getting federal reimbursement for job training was also a major win for the program. Tuck credits his team with making a stronger push for it to be included in the initiative, which allows them to improve their community outreach.

“We’re also looking at trying to do STEM programs within our community, having representatives go out there and speak to the kids to let them know there’s a possibility that you can be a person that’s running the show,” said Tuck.

Metra, one of the partners, will be leading the second phase of the 75th Street project, helping small business owners understand the different components of the project. Janice Thomas, Metra’s Senior Division director for business diversity and community relations, believes that assistance will better equip them to navigate the bidding process.

“They’ll understand who the players are, and from that position they’ll know that they’ll have to get certified as a DBE (Distressed Business Enterprise), and partner with engineering firms, because now we’re going into the engineering phase, and then there will be the construction phase,” Thomas said. “So now it’s about getting the word out, and getting people excited, and getting them to start asking questions. It’s one thing to be aware; it’s another to have access.”

Among those hoping to gain access is South Side native Michael Bempah, president of Pinpoint Precision Engineering. Bempah attended a number of networking events, but felt encouraged by the diversity of the crowd.

“So far, it’s a good event. A lot of good agencies here,” said Bempah, who has taught youth engineering courses across the city. “This event is definitely more diverse than events I’ve been to in the past. This is the first step, but it definitely doesn’t guarantee you being utilized or winning a project.”

“Sometimes these primes [contractors] already have their teams set, even before coming out to outreach events like this, so it’s challenging for small firms and minority firms to really get a foot in the door,” said Bempah. “But we remain hopeful. That’s why we’re here.”

According to CREATE, over \$1.6 billion has been committed so far, but they’ll need an additional \$2.8 billion to finish all 70 projects planned. Twenty-nine have reached completion, with five currently under construction and four in the final design phase.

CHICAGO CRUSADER JANUARY 30TH 2019

<https://chicagocrusader.com/create-program-partners-host-unique-networking-event/>

CREATE program partners host unique networking event

Professionals representing certified Disadvantaged Business Enterprise firms, small businesses, public agencies, major freight and passenger railroads and prime contractors gathered at Kennedy King College for a half-day of learning and networking. Hosted by the Chicago Region Environmental and Transportation Efficiency Program partners, the opportunity led to connections between DBE firms and prime contractors – achieving the vision for the “Get On Board” business-to-business event.

Welcoming remarks were offered by Illinois state senators Jacqueline Collins and Martin Sandoval and representatives from the City of Chicago, Cook County, Metra and the Association of American Railroads. Well-attended workshops were led by representatives from the Illinois Department of Transportation, Metra and Class I railroads. The first workshop provided participants with an overview of work in the 75th Street Corridor Improvement Project and Argo Connections project. A second workshop of railroad industry representatives provided valuable information on responding to bid notifications.

Immediate opportunities exist for design, engineering, construction and supplier teams. A professional services proposal opportunity for project design and construction engineering/ inspection and a bid opportunity for site work are posted on the CREATE website. Businesses awarded construction contracts under the 75th St. CIP are eligible for wage reimbursement when hiring entry-level graduates from the Highway Construction Career Training Program at Dawson Technical Institute.

2. CREATE INFRA GRANT B-9 PROJECT

CSX published a public bid for the Chicago Region Environmental and Transportation Efficiency (CREATE). The Bid is available on-line at www.createprogram.org. There is a 23% minority supplier requirement per agreement with the Illinois Department of Transportation on the project. CSX is working closely with public partners on the bidding, design, and construction of this project in 2019 in Bridgview, Illinois (Cook County).

3. CSX Other Information – IL Minority Suppliers

CSX is also presently under contract or utilized in 2019 diverse MBE suppliers. These include:

- A registered MBE Law Firm based in Chicago, IL
- A registered MBE/DBE Communications firm based in Evanston, IL
- A minority-owned catering company based in Chicago, IL
- A minority MBE trucking company in IL
- A minority MBE for engineering based in City of Chicago
- A minority MBE NETWORK LLC based in IL
- A minority MBE Enterprise Company based in IL

###

.